



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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August 25, 2000

CERTIFIED RETURN RECEIPT

Z 230 748 216

Philip M. Lynch
IMM Dworkin Holding, LTD
23205 Mercantile Road
Beachwood, Ohio 44122-5911

Re: Status of Transfer, Reclamation Contract and Surety, Yellow Hammer Mine (M/045/019), American Consolidated Mining Company, and Clifton IP Exploration Project (E/045/052), Clifton Mining Company, to IMM Dworkin Holding, Ltd., Tooele County, Utah

Dear Mr. Lynch:

On August 2, 1999 we received the annual permit fee payment for the Clifton IP Exploration Project and the Yellow Hammer Mine from you. The permit fee receipt, received with the payments, requested that we change the address to IMM Holdings, Ltd. (IMM). On August 5, 1999, we contacted Mr. Bill Moeller of American Consolidated Mining Company (ACMC) and Clifton Mining Company (CMC) and informed him that we had received the fee payments from a new company and they had requested we change the contact and address. We informed Mr. Moeller that we could not change the name on the permits as IMM had requested, but that the permits would need to be formally transferred from Mr. Moeller to the new operator. Transfer forms were sent to Mr. Moeller. No response has been received to date.

On June 30, 2000, annual billing notices were again sent out for this fiscal year. The billing notices for these two operations were sent to Mr. Moeller. On July 14, 2000, we received a phone call from Jennie, of your office, stating the permit billing notice for the Yellow Hammer had been forwarded to IMM from CMC, but the billing notice for the Clifton IP Project was not included. Jennie inquired as to why we had not changed the address and billed IMM directly, as was requested last year. We explained to her that we had not received the completed transfer forms and; therefore, we still have ACMC and CMC as the permittee of record. We faxed the Clifton IP billing notice to IMM as Jennie requested.

In later telephone conversations with your office, we were advised that IMM is not taking over the Clifton IP project, but they are taking over the Yellow Hammer. We have enclosed a transfer form for the Yellow Hammer Large Mining Operation. Please make copies of the form and keep a blank one in your records for future use. Please complete the transfer form as the "Transferee" then send the form to Mr.

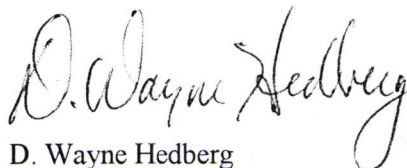
Moeller of ACMC to complete his section as the "Transferor." Please instruct Mr. Moeller to forward the completed transfer document to us for finalization by our Division Director.

The Division currently holds a \$16,600 reclamation surety for the Yellow Hammer Mine. Before we can finalize the transfer document, IMM will need to replace the surety and submit a new Reclamation Contract (form MR-RC enclosed). Please be advised that all reclamation surety estimates are normally reevaluated every five years. Unfortunately, our records indicate that the inactive Yellow Hammer Mine reclamation surety estimate has not been updated since June 1990. Due to our present workload, we have been unable to complete a total reevaluation of the bond estimate at this time; therefore, we have only updated the existing surety amount for escalation purposes. The surety amount now reflects current year dollars and a standard five year escalation provision. A copy of the original estimate and the updated estimate are enclosed. IMM will need to replace ACMC's surety with the updated dollar amount of \$23,000. Please let us know what form of surety you wish to post so we can supply you with the proper form. Typical forms of acceptable surety include: surety bonds, letters of credit, certificates of deposit, treasury notes, and cash. IMM will also need to complete the Reclamation Contract, which is tied to the surety.

When we receive the completed transfer form, the new Reclamation Contract, and new replacement reclamation surety, and when they have been accepted and signed by our Division Director, we will then be able to release ACMC from any further obligations of the Yellow Hammer and return their \$16,600 surety.

If you have any questions or concerns regarding this letter, please contact me at (801) 538-5286, Tom Munson at 538-5321, or Joelle Burns at 538-5291.

Sincerely,



D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

jb

Enclosures: blank transfer form, blank MR-RC, w/guidelines,
copy of ACMC's existing CD,
original & updated surety estimates

cc: Bill Moeller, ACMC

M45-19-ltr

SURETY ESTIMATE UPDATE

IMM -Dworkia Holding LTD

Yellowhammer

M045/019

Toelle County

Prepared by Utah Division of Oil, Gas & Mining

2000

DESCRIPTION:

Previous surety estimate was \$16,600 in 1993 dollars

-Reclamation Estimate base amount calculated in 1988-\$

-This update adjusts the surety amount for escalation only.

A transfer of the mine property occurred this year and therefore the bond will be escalated to 2005 dollars

-Escalation factors through 1999 are actual Means Historical Cost Indices

-Total disturbed area =

12 ACRES

CALCULATIONS	YR	ESCAL FACTOR	BOND AMOUNT
$F = P(1 + i)^{**n}$	1977	0.0870	\$0
	1978	0.0710	\$0
	1979	0.0860	\$0
	1980	0.0860	\$0
	1981	0.0991	\$0
	1982	0.0940	\$0
	1983	0.0104	\$0
	1984	0.0092	\$0
	1985	0.0290	\$0
	1986	0.0210	\$0
	1987	0.0195	\$0
	1988	0.0181	\$14,850
	1989	0.0177	\$15,113
	1990	0.0077	\$15,229
	1991	0.0127	\$15,423
	1992	0.0221	\$15,763
	1993	0.0261	\$16,175
	1994	0.0321	\$16,694
	1995	0.0193	\$17,016
F = Future Sum	1996	0.0242	\$17,428
P = Present Sum	1997	0.0236	\$17,839
i = Escalation Factor	1998	0.0502	\$18,735
n = number of periods	1999	0.0200	\$19,110
	2000	0.0313	\$19,708
Three Yr Average = 3.13%	2001	0.0313	\$20,325
Used to Project 5 Yrs	2002	0.0313	\$20,961
From the Year 2000	2003	0.0313	\$21,617
	2004	0.0313	\$22,293
	2005	0.0313	\$22,991

Updated Surety Amount Rounded (2005-\$) \$23,000

** Average cost per acre = \$1,917 (\$/ACRE)